

T64-1261



Mayor
Bobby W. Sparrow

Office
502-839-5372

City Clerk
Edwinna Baker

Fax
502-839-5106

RECEIVED

SEP 18 2003

PUBLIC SERVICE
COMMISSION

September 18, 2003

Mr. Thomas Dorman
Kentucky Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602

Dear Mr. Dorman,

2003-00394

This letter is to inform you of our intent to adjust our water rates effective June 30, 2003. Please find enclosed the PSC Rate Change Request Form and copy of the letter that we have sent to South Anderson Water District, this is the only wholesale customer that will be affected by this change.

Please call Larry Hazlett, Public Works Director if you have any questions.

Sincerely,

Edwinna Baker, City Clerk/Adm.
City of Lawrenceburg



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Bobby W. Sparrow

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City Clerk
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502-839-5106

RECEIVED

SEP 18 2003

PUBLIC SERVICE
COMMISSION

September 18, 2003

Mr. Alton Warford, Manger
South Anderson Water District
246 E. Court Street
Lawrenceburg, Kentucky 40342

Dear Mr. Warford:

This letter is to inform you that the City of Lawrenceburg has, on this day, filed a rate increase request with the Kentucky Public Service Commission.

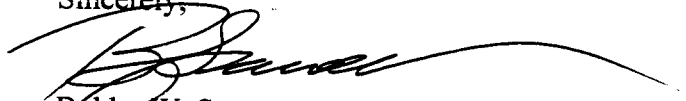
The proposed new rate structure, passed by the Lawrenceburg City Council (seconded reading: 6/30/03)

Monthly meter charge \$2.18 per 1,000 Gallons

This rate would take effect with the meter reading beginning October 18, 2003.

While rate increases are never easy, these changes are necessary to continue to run a legal and safe water system that will also have sufficient capacity for the foreseeable future.

Sincerely,



Bobby W. Sparrow, Mayor
City of Lawrenceburg

Cc: Mr. Thomas Dorman, Executive Director
Public Service Commission

FOR City of Lawrenceburg, KY
Community, Town or City

P.S.C. KY. NO. _____

City of Lawrenceburg
(Name of Utility)

SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

CLASSIFICATION OF SERVICE

Monthly Water Rates

Wholesale Rate

South Anderson Water District

2.18 per 1,000 Gallons

DATE OF ISSUE 9/18/03
Month / Date / Year

ISSUED BY Edna B. Baker
(Signature of Officer)

DATE EFFECTIVE 10/18/03
Month / Date / Year

TITLE City Clerk

AN ORDINANCE AMENDING RATES
AND CHARGES RELATING TO WATER SERVICE

ORDINANCE 2003-09

WHEREAS, the Board of Council of the City of Lawrenceburg desires to enact an Ordinance providing for a revised schedule of rates and charges for the use of the service and facilities of the water system owned and operated by the City of Lawrenceburg, including the cost for water connection; and

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNCIL OF THE CITY OF LAWRENCEBURG, KENTUCKY, convened in a special meeting on the 30th day of June, 2003, as follows:

Section 1 — WATER CONNECTION CHARGE.

(A) As to any water customer, except as provided in subsection (B) or (C) of this section the city will provide and install at a basic cost of one thousand dollars (\$1,000.00) a water meter three quarter (3/4) inch by five-eighths (5/8) setting, and up to fifty (50) feet of ~~water-main-extension service line~~, to any customer submitting an application for water service in such form as may be prescribed from time to time, and agreeing to use water service and pay the prevailing rates for not less than one year, and complying with such deposit or other security provision as may be prescribed. If more than fifty (50) feet of ~~water-main-extension service line~~ is required, the cost of all in excess of fifty (50) feet shall be borne by the customer, and such cost, as estimated by the city, shall be deposited with the city in case when application is approved by the city; subject to refund by the city if the deposit exceeds actual cost, and subject to the requirement of a supplemental payment by the customer if the deposit is deemed to be insufficient. In the event that a larger meter is requested an additional material cost will be added. This addition will be the difference in cost of the larger meter and additional material required. Additional cost will depend on size meter requested.

(B) For installation at the Anderson County Community Park, the City will provide and install:

(1) At a basic cost of five hundred dollars (\$500.00) a water meter, three-quarter (3/4) inch by five-eighths (5/8) setting, to Anderson County Fiscal Court when it

submits an application for water service in such form as may be prescribed from time to time, and agrees to use water service and pay the prevailing rates for not less than one (1) year.

(2) At a cost of one thousand dollars (\$1,000.00) for the first meter and at a cost of one thousand two hundred dollars (\$1,200.00) for all subsequent installations, a water meter two-inch setting, to Anderson County Fiscal Court when it submits an application for water service in such form as may be prescribed from time to time, and agrees to use water service and pay the prevailing rates for not less than one (1) year.

(C) The charges established hereinabove in subsection (A) of this section shall be waived provided the application has been submitted by a tax exempt status, eleemosynary, charitable, or benevolent association or corporation.

Section 2 — WATER SERVICE CHARGES.

Rates and charges for the use of the service and facilities of the system are established and prescribed, effective in the manner and upon the respective dates hereinafter set forth, as follows:

(A) Metered Water Service.

(1) All water meters shall be read monthly, and the following rates and charges shall be applied to the meter-readings, and billed, collected, and enforced with no distinction being made as between users and customers inside and outside the corporate limits of the city (except as indicated):

<u>Gallons-</u>	<u>Rates-per-Month</u>
First-----2,000-	\$7-.80-minimum
Next-----8,000-	2-.20-per-1000-gal.
Next-----20,000-	1-.90-per-1000-gal.
Next-----30,000-	1-.65-per-1000-gal.
Next-----40,000-	1-.42-per-1000-gal.
Next-----100,000-	1-.36-per-1000-gal.
Next-----300,000-	1-.31-per-1000-gal.
Next-----500,000-	1-.25-per-1000-gal.

Residential Customers

<u>Metered Water Usage</u>	<u>Monthly Rate</u>
<u>First 2,000 gallons</u>	<u>\$10.25 minimum</u>
<u>All over 2,000 gallons</u>	<u>\$3.20 per 1,000 gallons</u>

Commercial/Industrial Customers

<u>Metered Water Usage</u>	<u>Monthly Rate</u>
<u>First 2,000 gallons</u>	<u>\$10.25 minimum</u>
<u>Next 198,000 gallons</u>	<u>\$3.20 per 1,000 gallons</u>
<u>All Over 200,000 gallons</u>	<u>\$2.90 per 1,000 gallons</u>

~~(2) -- \$8.89 --- minimum --- rate --- for customers outside city limits.~~

~~(3) (2)~~ Water Districts shall pay straight rate of ~~\$1.17-~~ \$2.18 per 1000 gallons ~~(Effective October 8, 1991).~~

(B) Private Fire Protection Rates.

Private fire hydrant standard \$5.00 per hydrant per month.

Sprinkler system with six inch connection \$18.00 per connection per month.

Sprinkler system with eight inch connection \$30.00 per connection per month.

(C) Temporary Special Arrangements. In the matter of furnishing water service upon a temporary basis to circuses, carnivals, tent meetings, outdoor athletic events (other than those carried on by the public schools), and other miscellaneous temporary uses, a flat rate may be fixed in each individual case and the service charge shall be paid in advance.

(D) Consumer Price Index (CPI)
Adjustment of Rates. On or before March 1 of each calendar year this Ordinance is in effect, the Treasurer for the City of Lawrenceburg shall access from the Kentucky Department for Local Government, or its successor, the annual increase or decrease in the consumer price index (CPI) of the preceding year as otherwise set out in KRS 83A.075 at the time of the enactment of this Ordinance. If the CPI has increased, the Treasurer shall calculate an increase of the rates and charges for the usage of water by applying the CPI to each rate and charge. Notice of the CPI percentage increase of each water rate and charge shall be mailed to each customer not later than May 30 and published in a local newspaper qualifying under KRS Chapter 424.

~~(D)~~ (E) Applicants for water and sewer service must place a \$100 deposit with the city. This payment may be refunded if the applicant maintains a good payment record for one year after service has begun.

Passed and approved by the Board of Council of
the City of Lawrenceburg, Kentucky, on this 30th day of June,
2003, with Yea and Nay votes of the Board of Council as follows:

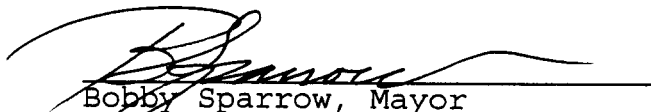
	<u>Yea</u>	<u>Nay</u>
Helen Shryock	<u>X</u>	___
Jimmie Hawkins	<u>X</u>	___
Robbie Hume	<u>X</u>	___
Larry Giles	<u>X</u>	___
Ken Evans	<u>X</u>	___
Robert Mefford	<u>X</u>	___

Given First Reading and Passed on June 30,
2003.

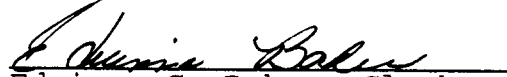
Given Second Reading and Passed on July 14,
2003.

Published in The Anderson News on July 17,
2003.

Approved:


Bobby Sparrow, Mayor
City of Lawrenceburg

Attest:


Edwinna C. Baker, Clerk
City of Lawrenceburg

and billed, collected, and enforced with no distinction being made as between users and customers inside and outside the corporate limits of the city (except as indicated):

Gallons	Rates per Month
First 2,000	\$7.00 minimum
Next 8,000	2.20 per 1000 gal.
Next 20,000	1.90 per 1000 gal.
Next 30,000	1.65 per 1000 gal.
Next 40,000	1.42 per 1000 gal.
Next 100,000	1.36 per 1000 gal.
Next 300,000	1.31 per 1000 gal.
Next 500,000	1.25 per 1000 gal.

Residential Customers

Metered Water Usage	Monthly Rate
First 2,000 gallons	\$10.25 minimum
All over 2,000 gallons	\$3.20 per 1,000 gallons

Commercial/Industrial Customers

Metered Water Usage	Monthly Rate
First 2,000 gallons	\$10.25 minimum
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All over 200,000 gallons	\$2.90 per 1,000 gallons

~~(2) \$8.00 minimum rate for customers outside city limits.~~

~~(3) (2) Water Districts shall pay straight rate of \$1.17 per 1000 gallons (Effective October 8, 1991).~~

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Passed and approved by the Board of Council of the City of Lawrenceburg, Kentucky, on this 30th day of June, 2003, with Yea and Nay votes of the Board of Council as follows: Helen Shryock, yea; Jimmie Hawkins, yea; Robbie Hume, yea; Larry Giles, yea; Ken Evans, yea; Robert Mefford, yea.

Given First Reading and Passed on June 30, 2003.

Given Second Reading and Passed on July 14, 2003.

Published in the Anderson News on July 23, 2003.

Approved:

/s/Bobby Sparrow, Mayor
City of Lawrenceburg

Attest:

/s/Edwinna C. Baker, Clerk
City of Lawrenceburg

**AN ORDINANCE AMENDING RATES AND CHARGES
RELATING TO WATER SERVICE
ORDINANCE 2003-09**

WHEREAS, the Board of Council of the City of Lawrenceburg desires to enact an Ordinance providing for a revised schedule of rates and charges for the use of the service and facilities of the water system owned and operated by the City of Lawrenceburg, including the cost for water connection; and

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNCIL OF THE CITY OF LAWRENCEBURG, KENTUCKY, convened in a special meeting on the 30th day of June, 2003, as follows:

Section 1 - WATER CONNECTION CHARGE

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Gallons	Rates per Month
First 2,000-	\$7.00 minimum
Next 8,000-	2.20 per 1000 gal.
Next 20,000-	1.90 per 1000 gal.
Next 30,000-	1.65 per 1000 gal.
Next 40,000-	1.40 per 1000 gal.



United States
Department of
Agriculture

Rural
Development

771 Corporate Drive, Suite 200
Lexington, KY 40503-6477
(869) 224-7336 TTY(869) 224-7422

December 3, 2001

Honorable Gary Chilton
Mayor, City of Lawrenceburg
205 East Woodford Street
Lawrenceburg, Kentucky 40342

Dear Mayor Chilton:

This letter establishes conditions that must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$8,778,000 and a cash contribution from the applicant in the amount of \$100,000.

If Rural Development makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to Rural Development as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 days before loan closing.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

*USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer.
Complaints of discrimination should be sent to:
USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410*

1. Number of Users and Their Contribution:

There shall be 3,660 existing sewer users and 4,148 existing water users. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two (2) years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the City to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the City to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Rural Development Manager will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The City will be required to deposit \$4,340.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$520,800. The deposits are to be resumed any time the account falls below the \$520,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the City's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A combined pledge of gross water and sewer revenues will be provided in the Bond Ordinance. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the City will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The City will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The City will be legally organized under applicable KRS, which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The City will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the City after review by Rural Development. At no later than loan pre-closing, the City will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The City will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The City will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The City shall be required to submit a copy of its audit agreement for review and approval prior to pre-closing the loan. Rural Development approval of the accounting system is required.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The City will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The City will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the City. The City should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

??
Don't
know
yes.
Auditing
of all
of the
Don't
know
Don't
know

- B. Worker's Compensation - The City will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The City will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$525,000.
- D. Real Property Insurance - The City will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the City from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The City will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the City will obtain advance clearance from Bond Counsel and/or Local Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The City will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the City.

15. Compliance with Special Laws and Regulations:

The City will be required to conform to any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The City is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the City will be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. Form RD 442-7, "Operating Budget."

The City must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The City is reminded that if at any time it shall appear to the Government that the City is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the City will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The City will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the City will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

Completed
A construction account for the purpose of disbursement of project funds (RUS) will be established by the City prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA-Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the City shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the City, the City Council shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the City.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the City and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the City's construction account records shall be made by Rural Development.

City of Lawrenceburg

Page 7

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 7,085,000
Land and Rights	55,000
Legal and Administrative	30,000
Engineering	899,500
Interest	100,000
Contingencies	708,500
TOTAL	\$ 8,878,000

Financing:

RUS Loan	\$ 8,778,000
Applicant Contribution	100,000
TOTAL	\$ 8,878,000

22. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999 must be made by Electronic Funds Transfer/Automated Clearinghouse (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

23. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS loan funds.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the City must be at least adequate to meet cost of maintaining, repairing and operating the water and sewer systems and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

City of Lawrenceburg

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Water rates will be at least:City - Residential

First	2,000	gallons @ \$	10.25 - Minimum Bill.
All Over	2,000	gallons @ \$	3.10 - per 1,000 gallons.

City - Commercial

First	2,000	gallons @ \$	10.25 - Minimum Bill.
Next	198,000	gallons @ \$	3.10 - per 1,000 gallons.
All Over	200,000	gallons @ \$	2.85 - per 1,000 gallons.

City - Large Meters

First	2,000	gallons @ \$	10.25 - Minimum Bill.
Next	198,000	gallons @ \$	3.10 - per 1,000 gallons.
All Over	200,000	gallons @ \$	2.85 - per 1,000 gallons.

County - Residential

First	2,000	gallons @ \$	10.25 - Minimum Bill.
All Over	2,000	gallons @ \$	3.25 - per 1,000 gallons.

County - Commercial

First	2,000	gallons @ \$	10.25 - Minimum Bill.
Next	198,000	gallons @ \$	3.25 - per 1,000 gallons.
All Over	200,000	gallons @ \$	3.00 - per 1,000 gallons.

County - Large Meters

First	2,000	gallons @ \$	10.25 - Minimum Bill.
Next	198,000	gallons @ \$	3.25 - per 1,000 gallons.
All Over	200,000	gallons @ \$	3.00 - per 1,000 gallons.

Wholesale Water Rates:

South Anderson Water District - \$ 2.18 per 1,000 gallons
Alton Water and Sewer District - \$ 2.18 per 1,000 gallons

Sewer rates will be at least:City - Residential

First	2,000	gallons @ \$	7.80. - Minimum Bill.
Next	8,000	gallons @ \$	3.10 - per 1,000 gallons.
Next	20,000	gallons @ \$	2.70 - per 1,000 gallons.
All Over	30,000	gallons @ \$	2.40 - per 1,000 gallons.

City - Commercial

First	2,000	gallons @ \$	7.80. - Minimum Bill.
Next	8,000	gallons @ \$	3.10 - per 1,000 gallons.
Next	20,000	gallons @ \$	2.70 - per 1,000 gallons.
Next	30,000	gallons @ \$	2.40 - per 1,000 gallons.
Next	40,000	gallons @ \$	1.95 - per 1,000 gallons.
Next	100,000	gallons @ \$	1.85 - per 1,000 gallons.
Next	300,000	gallons @ \$	1.75 - per 1,000 gallons.
All Over	500,000	gallons @ \$	1.67 - per 1,000 gallons.

City - Large Meters

First	2,000	gallons @ \$	7.80 - Minimum Bill.
Next	8,000	gallons @ \$	3.10 - per 1,000 gallons.
Next	20,000	gallons @ \$	2.70 - per 1,000 gallons.
All Over	30,000	gallons @ \$	2.40 - per 1,000 gallons.

25. Commitment of Applicant Cash Contribution:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the applicant cash contribution of \$100,000.

26. Water Withdrawal Permit:

The City will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

27. Mitigation Measures:

- A. The City shall be required to comply with the requirements of the Kentucky State Clearinghouse as detailed by letter to Mr. David Shrader, dated June 22, 2001, and signed by Mr. Ronald W. Cook.
- B. The City shall be required to comply with the requirements, if any, of the U.S. Fish and Wildlife Service as requested by letter dated September 13, 2001, and signed by Lee A. Barclay, Ph.D., Field Supervisor.
- C. The City will comply with all applicable executive orders and regulations that are applicable to the preservation of Prime Farmlands, Cultural and Historic Resources, Wetlands.
- D. The City will require the Engineer to design and the Contractor to construct the modifications to the raw water intake in accordance with the Corp of Engineer's requirements for floodplain construction.

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28. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



KENNETH SLONE

State Director

Rural Development

Enclosures

cc: Rural Development Manager - Shelbyville, Kentucky
Community Development Manager - Nicholasville, Kentucky
Bluegrass ADD - Lexington, Kentucky
Henry M. Reed, III, Bond Counsel - Louisville, Kentucky
John David Miles, Local Counsel - Shelbyville, Kentucky
CDP Engineers, Inc. - Lexington, Kentucky